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Agricultural Situation

This Week in Canadian Agriculture, Issue 13 2009

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Report Highlights:

Maple Leaf Foods Awaiting Market Recovery to Sell Burlington Hog Plant * CFIA Launches Feed Investigation Following Disposal of Potentially Contaminated Poultry Feed * Phase II of Swine Herd Health Initiative to Provide C\$40 Million in Disease Risk Management * CFIA Issues Health Hazard Alert for Certain Pistachio Products

Includes PSD Changes: No
Includes Trade Matrix: No
Trade Report
Ottawa [CA1]
[CA]

This Week in Canadian Agriculture is a weekly review of Canadian agricultural industry developments of interest to the U.S. agricultural community. The issues summarized in this report cover a wide range of subject matter obtained from Canadian press reports, government press releases, and host country agricultural officials and representatives.

Disclaimer: Any press report summaries in this report are included to bring U.S. readership closer to the pulse of Canadian developments in agriculture. In no way do the views and opinions of these sources reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

MAPLE LEAF FOODS AWAITING MARKET RECOVERY TO SELL BURLINGTON HOG PLANT:

Maple Leaf Foods announced that despite active negotiations with several prospective purchasers, current economic conditions and credit markets have made it difficult to complete a satisfactory sale of its Ontario pork processing business located in Burlington, Ontario. As a result, the Company does not plan to continue a formal sale process until markets rebound, which will likely not be before early 2010. "The current economic conditions and credit markets have created a less than ideal environment to sell any business," said Michael Vels, Chief Financial Officer of Maple Leaf Foods. "There is no immediate urgency to selling the Burlington business. It is an efficient and profitable business and we want to ensure we negotiate an offer that recognizes the appropriate value for the business and meets the expectations of our shareholders." *COMMENT: Maple Leaf announced its intention to sell the large hog processing plant last summer as part of the company's intent to re-focus its operations towards prepared meats, meals and bakery, involving divestiture or exit of several of its primary processing and agriculturally oriented businesses. According to Maple Leaf, the Burlington facility has a processing capacity of up to 50,000 hogs per week, but current weekly runs are less. The plant is located in close proximity to major domestic and U.S. markets, transportation routes and a skilled labor pool, and is licensed to export its pork products to nearly 50 countries worldwide. At the time of the original announcement to sell the Burlington plant, there was speculation whether a U.S. pork processor might be interested. Smithfield's Foods, the U.S. and the world's largest pork processor, had a brief foray in the Canadian pork industry but sold its Canadian pork business (formerly Schneider) to Maple Leaf Foods about five years ago.*

CFIA LAUNCHES FEED INVESTIGATION FOLLOWING DISPOSAL OF POTENTIALLY CONTAMINATED POULTRY FEED:

The Canadian Food Inspection Agency (CFIA) has launched an investigation into potentially contaminated feed products from a rendering facility in Alberta. According to CFIA, the vast majority of the potentially contaminated feed has been identified, contained and will be disposed of, but indicated that a limited amount of poultry feed may have been inadvertently contaminated with specified risk material (SRM) in March 2009. The rendering company and the CFIA are reportedly working to identify and dispose of all potentially contaminated feed. The federal agency said the feed, potentially contaminated with SRM, poses no health risk to poultry and does not affect the safety of Canadian poultry meat and eggs. *COMMENT: SRM is the group of cattle tissues that, in infected cattle, are known to harbor the agent that causes bovine spongiform encephalopathy (BSE). In Canada, these potentially infective materials are removed from all cattle slaughtered for human consumption and are prohibited from use in animal feed, pet food and fertilizer.*

PHASE II OF SWINE HERD HEALTH INITIATIVE TO PROVIDE C\$40 MILLION IN DISEASE

RISK MANAGEMENT: In August 2007 Agriculture and Agri-Food Canada (AAFC) announced that it would spend C\$76 million over four years to combat disease in the hog sector (see CA7042). At that time, the industry had been severely impacted by Porcine Circovirus Associated Diseases, or PCVAD, the term used to define the range of diseases affecting pigs that are associated with Pork Circovirus 2 (PCV2). The disease problems were mostly confined to Eastern Canada and caused additional death losses of approximately 1.75 million hogs. Phase I of the program, which was deemed to be a success, included the creation of the Circovirus Inoculation Program (CIP). Through CIP, eligible producers received financial assistance towards the identification and mitigation of PCVAD to help off-set some of the costs of diagnostic fees and vaccines. Since that time, Canadian hog death loss rates have fallen sharply. Phase II, up to C\$40 million will be directed at: 1) The creation of a national standard of biosecurity best management practices for the hog industry targeting the containment or eradication of Porcine Circovirus Associated Diseases (PCVAD); 2) Research projects and coordination of the reporting

of research related to PCVAD and other emerging diseases within the Canadian hog herd; and 3) The establishment of long-term risk management solutions for the hog industry.

CFIA ISSUES HEALTH HAZARD ALERT FOR CERTAIN PISTACHIO PRODUCTS: As a result of the ongoing investigation in the United States into pistachio nuts contaminated with *Salmonella*, the Canadian Food Inspection Agency (CFIA), working in close collaboration with the United States Food and Drug Administration, has identified certain foods sold in Canada that could be potentially affected. These products contain pistachios which have been recently recalled in the USA by Setton Pistachio of Terra Bella, Inc. The CFIA has also alerted Canadians travelling to the USA and / or who purchase food in the United States to consult the FDA website for more information. For more information on the CFIA activities related to its alert [click here](#).

Exchange Rate: Noon rate, April 3, 2009 (Bank of Canada): U.S. Dollar = C\$1.2337

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